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TABLE OF CONTENTS



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Banks - Germany, Italy

# Change in Insolvency Legislation Drives German And Italian Bank Rating Actions

This report summarises the key considerations driving our recent rating actions on 32 German and 18 Italian banks after both parliaments ratified legislation that will afford stronger protection to depositors, ranking them above senior debt in the hierarchy of claims after a bank failure.

On 25 and 26 January 2016, we upgraded the deposit ratings of 22 German banks and downgraded the senior unsecured debt/issuer ratings of seven German banks, and upgraded the deposit ratings of 18 Italian institutions and downgraded the senior unsecured debt/issuer ratings of five Italian banks. These actions are summarised in Exhibit 1 (Germany) and Exhibit 6 (Italy) of this report and are detailed in the respective press releases announcing the German and Italian actions.

Italy has now transposed the European Union's (EU) Bank Recovery and Resolution Directive (BRRD) into national law, supplementing the rules by establishing clear depositor preference over senior unsecured debt. In Italy, full depositor preference will be introduced on 1 January 2019.

Germany has modified its existing transposition, thereby subordinating certain senior unsecured debt instruments. The BRRD is the EU's blueprint for the orderly resolution of failed banks, which aims to protect taxpayers from having to bear any resulting losses. The legal framework governing bank resolution in Germany ("Abwicklungsmechanismusgesetz", AbwMechG) establishes the subordination of most long-term senior unsecured debt instruments to all forms of deposits and to specific senior unsecured liabilities, in particular money market liabilities and those considered to originate from the banks' operating business activities, such as derivatives, including structured bonds with embedded derivatives, from 1 January 2017.

Our Loss Given Failure analysis assesses the impact of a bank's failure on the expected loss of each creditor class in response to different forms of legal frameworks for bank resolution, firm-wide loss rates and liability structure, and is based on analytical assumptions.

We have amended the capital structure used in our Advanced LGF analysis following the legislative changes, that generally subordinate senior unsecured bonds to deposits.

Previously, we considered corporate and institutional deposits to rank equal with senior bonds.

This new hierarchy of claims will increase the protection of these junior depositors who will benefit as they no longer rank equally with senior unsecured bonds, thereby reducing expected loss severity for deposits. We have therefore upgraded the deposit ratings of the respective German and Italian institutions.

By the same token, the volume of loss-absorbing senior unsecured liabilities will be reduced based on the new insolvency hierarchy, increasing the loss rates for senior creditors in the event of failure, all other things being equal. In some cases, this increased loss severity will be sufficiently large to result in lower ratings; we have therefore downgraded the senior unsecured debt/issuer ratings of the relevant banks in both countries.

In the case of many German and some Italian banks, the LGF notching for senior unsecured instruments remained unchanged despite their subordination to junior deposits because their respective tranche sizes remain sufficiently high to keep the results unchanged. Therefore, we have affirmed senior unsecured debt/issuer ratings of 17 German and two Italian banks.

Additional considerations that influenced today's rating decisions beyond the revised legislative framework include additional data availability for our Advanced LGF analysis and updates to our projections with regards to senior debt and subordination volumes, as well as upgrades of the baseline credit assessment (BCA) for two German banks.

## New German Law Establishes Statutory Subordination for Most Senior Unsecured Bonds from 2017

Our rating action on 26 January 2016 follows the German Parliament's final approval of the AbwMechG law, which seeks to align the country's national bank resolution law with the European Union's (EU) Single Resolution Mechanism (SRM). This law introduces statutory subordination of certain senior unsecured bank bonds below other senior unsecured debt, including "junior" corporate and institutional deposits, operating debt and money market debt issues.

The senior instruments that get subordinated to deposits include tradable bearer bonds (Inhaberschuldverschreibungen), promissory notes (Schuldscheindarlehen) and registered bonds (Namensschuldverschreibungen), provided they do not qualify for deposit insurance coverage. Money market instruments (Geldmarktinstrumente) are explicitly excluded from subordination. Also exempted from subordination are debt instruments with variable payment promises. Therefore, structured bonds with complex embedded derivatives continue to rank pari passu with junior deposits, while structured bonds linked to an interest reference rate are subordinated.

Between 1 January 2016 and 31 December 2016, the standard BRRD form will be applied in Germany, unless the resolution authorities decide otherwise.

Given that a substantial portion of newly issued debt will mature under the revised hierarchy, we are incorporating the new rankings in our Advanced LGF analysis and our ratings in advance of its 2017 activation.

Exhibit 1

**Germany - Deposits and Senior Unsecured Debt Ratings Changes**

**Changes in ratings by one notch unless specified**

| ACTIONS | Deposit Ratings | | | Senior Unsecured Debt/Issuer Ratings | | |
|---|---|---|---|---|---|---|
| | Private bank sector | Co-operative bank sector | Savings bank sector | Private bank sector | Co-operative bank sector | Savings bank sector |
| UPGRADES | BKM | apoBank | BayernLB* | | Muenchener Hyp | BayernLB |
| | Commerzbank* | DVB | Berlin Hyp | | | |
| | Deutsche Bank | DZ BANK | BremerLB | | | |
| | HF* | Muenchener Hyp* | DekaBank | | | |
| | Postbank | WGZ BANK | Deutsche Hypo | | | |
| | VW Bank | | Helaba | | | |
| | | | LBB | | | |
| | | | LBBW | | | |
| | | | NORD/LB | | | |
| | | | SaarLB | | | |
| | | | SKKB | | | |
| AFFIRMATIONS | Debeka | | HSH | Commerzbank | apoBank | Berlin Hyp |
| | ING DiBa | | KSKK | HF | WGZ BANK | BremerLB |
| | IPEX-Bank | | | VW Bank | | DekaBank |
| | SEB | | | VW FS | | Deutsche Hypo |
| | UCB | | | | | Helaba |
| | | | | | | HSH |
| | | | | | | LBB |
| | | | | | | LBBW |
| | | | | | | NORD/LB |
| | | | | | | S-Finanzgruppe** |
| | | | | | | SVBW |
| DOWNGRADES | | | | Deutsche Bank | DVB | KSKK |
| | | | | Postbank | DZ BANK | SKKB |
| | | | | UCB | | |

Note: * 2 notches upgrade for the deposit ratings of BayernLB, Commerzbank, HF and Muenchener Hyp; ** S-Finanzgruppe's rating is a corporate family rating
*Source: Moody's*

In addition to the change in the German bank liability hierarchy, our rating action also reflects (where applicable) more stringent disclosures by German banks and our expectations of the future development of bank-specific liability structures. For example, some institutions have started to identify debt instruments outside the accounting category of "securitised liabilities" that are being subordinated to deposits from January 2017.

Additional disclosures and the incorporation of our future liability structure expectations in some cases have either magnified, attenuated or even neutralised the effect of the modified insolvency structure; in one case, the effect of enhanced disclosures revealing additional senior unsecured bond amounts outstanding has dominated the effect from the revised insolvency structure, leading to a one notch senior debt upgrade.

Subordinated and hybrid debt ratings of German issuers are not affected by the new legislation. However, we downgraded the subordinated debt ratings of HSH Nordbank AG (Baa3 developing/Baa3 developing, b3)[1] to B2 from B1 because the volume of outstanding subordinated debt declined in 2015. In the case of Bayerische Landesbank (A1 stable/A2 stable, ba1) and Commerzbank AG (A2 stable/Baa1 stable, baa3), the upgrade of subordinated debt ratings to Baa3 and Ba1, respectively, was driven by an upgrade of the BCA.

## How The German Legislation Transposes the BRRD

While for the most part, the revised German legislation based on the AbwMechG law provides a straightforward transposition of the BRRD framework, it supplements the main European text in one crucial aspect. The new legal framework subordinates certain senior unsecured bonds to money market instruments, deposits and operating debt from 2017 onwards, whereas all of these instruments rank equally up to year-end 2016, unless the German national resolution authority, the Bundesanstalt für Finanzmarktstabilisierung (FMSA), exercises its discretion and overrides that decision.

The new law amends section 46f of the German Banking Act (Kreditwesengesetz) and in summary introduces the following unsecured liability ranking from next year on:

1. Protected deposits, i.e. deposits by individuals and small and medium-sized enterprises (SMEs) below €100,000 and hence covered by deposit insurance, are the most protected class of deposits and rank above all others;
2. Eligible but uncovered deposits, i.e. deposits by individual customers and SMEs exceeding the €100,000 deposit insurance coverage, are the second most protected class of deposits and are junior to (1) but are senior to (3) below; and
3. Senior unsecured liabilities that do not constitute "debt securities". This includes money market securities, the bank's operating liabilities and wholesale deposits i.e. those made by entities other than individuals or SMEs, such as larger corporate or institutional customers;
4. "Debt securities", which include all bearer bonds, as well as those registered bonds and promissory notes whose holders are not eligible for deposit insurance. Furthermore, this category comprises structured bonds with easy to establish future payment profiles (fixed-income characteristics), but not structured bonds with interest or principal payments contingent upon events to occur after issuance, such as the performance of a stock index, commodities or individual shares.

## Aims of The Legislation

The German government's rationale for amending the ranking of liabilities in favour of deposits and specific other senior unsecured liabilities was to remove uncertainty surrounding the allocation of losses to the (retrospectively subordinated) senior unsecured debt instruments. In particular, the law should limit the scope of investors facing losses from future bail-ins to mount a legal challenge.

## Implications for Long-Term Debt and Deposit Ratings

Our Advanced LGF analysis provides a framework for assessing and quantifying the impact of this change in creditor hierarchy. We base our analysis on one or more creditor hierarchies, using a combination of the legal hierarchy in case of a bank liquidation and a number of assumptions about the behaviour of resolution authorities. Exhibit 2 shows the creditor hierarchies under a full deposit preference regime in the EU; it also illustrates the EU pari-passu scenario for comparison. Compared with the Italian full deposit preference framework, the German senior long-term debt tranche will include a narrower set of instruments, because it is limited to "Debt Securities" as described above.

Exhibit 2
**Operational Resolution Regimes: illustrative liability ranking in the EU**

### EU pari passu

| | | |
|---|---|---|
| 1 | Preferred deposits | |
| 2 | Counterparty Risk Assessment | |
| 3 | Junior deposits | Senior long-term debt (bank) |
| 4 | | |
| 5 | Senior long-term debt (holding company) | |
| 6 | Dated subordinated debt (bank) | Dated subordinated debt (holding company) |
| 7 | Junior subordinated debt (bank) | Junior subordinated debt (holding company) |
| 8 | Preference shares (bank) | Preference shares (holding company) |

### Italy - full deposit preference

| | | |
|---|---|---|
| 1 | Preferred deposits | |
| 2 | Counterparty Risk Assessment | |
| 3 | Junior deposits | |
| 4 | Senior long-term debt (bank) | |
| 5 | Senior long-term debt (holding company)* | |
| 6 | Dated subordinated debt (bank) | Dated subordinated debt (holding company)* |
| 7 | Junior subordinated debt (bank) | Junior subordinated debt (holding company)* |
| 8 | Preference shares (bank) | Preference shares (holding company)* |

### Germany - senior subordination

| | | |
|---|---|---|
| 1 | Preferred deposits | |
| 2 | Counterparty Risk Assessment | |
| 3 | Junior deposits (incl. Money Market Liabilities, variable promise structured notes) | |
| 4 | Senior long-term debt (bank) | |
| 5 | Senior long-term debt (holding company)* | |
| 6 | Dated subordinated debt (bank) | Dated subordinated debt (holding company)* |
| 7 | Junior subordinated debt (bank) | Junior subordinated debt (holding company)* |
| 8 | Preference shares (bank) | Preference shares (holding company)* |

Note: *Currently no holding company structures in this country
*Source: Moody's*

As set out in our methodology, we typically incorporate two scenarios within our EU bank ratings. Unless superseded by national legislation, the BRRD establishes deposit preference for those deposits made by households and small and medium enterprises eligible for deposit guarantee schemes (i.e., deposit insurance). Other deposits, (i.e. those made by large corporates or financial institutions), are generally not preferred and rank pari passu with senior unsecured debt in a resolution or liquidation.

We label this scenario "EU pari-passu", weighted at 75%. BRRD incorporates flexibility for national resolution authorities to apply discretionary depositor preference in a resolution. We usually apply a 25% weight to this latter scenario.

In systems with full deposit preference like Italy from 2019 or statutory subordination as in Germany from 2017, the resolution authority will be better able to give preferential treatment to deposits over senior unsecured bonds without additional legal risk under the "no creditor worse off" principle. We reflect this through a modification of the priority of claims. This change has in many cases resulted in a higher rating for deposits and a lower rating for debt, as set out in the example in Exhibit 3 below

Exhibit 3
**Example: how depositor preference or senior subordination benefits deposits at the expense of senior unsecured debt**

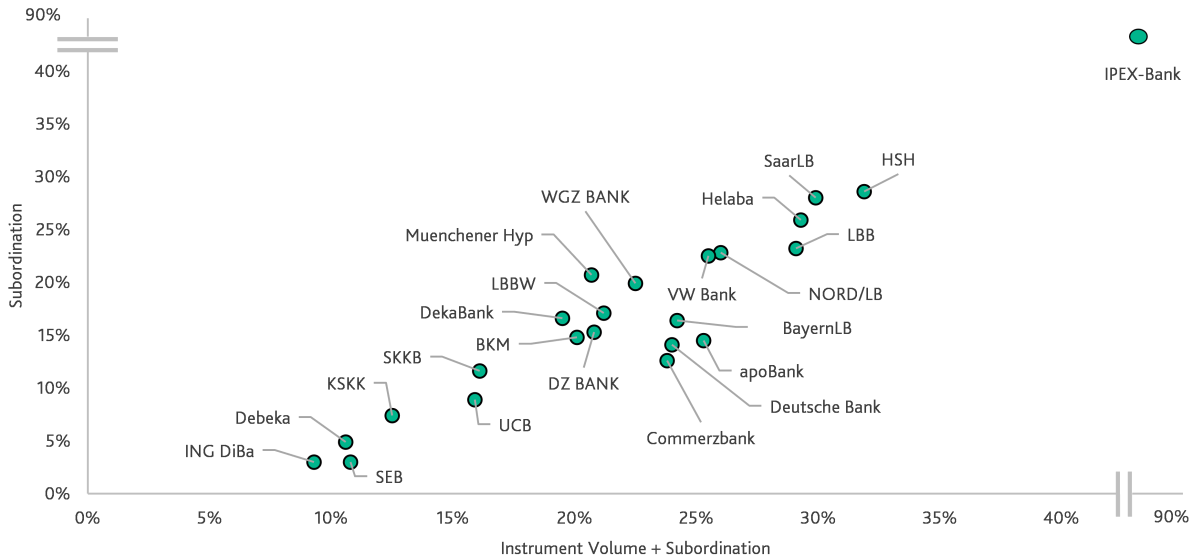
| Instrument class | Deposits pari passu with senior unsecured | | Full deposit preference | | Notching | | | LGF based on 100% deposit preference |
|---|---|---|---|---|---|---|---|---|
| | Volume & Subordination | Subordination | Volume & Subordination | Subordination | Pari passu | Deposit preference | Non-ORR | |
| Counterparty Risk Assessment | 17.3% | 17.3% | 17.3% | 17.3% | 2 | 2 | 1 | 2 |
| Deposits | 17.3% | 3.0% | 17.3% | 12.4% | 2 | 3 | 0 | 3 |
| Senior unsecured bank debt | 17.3% | 3.0% | 12.4% | 3.0% | 2 | 1 | 0 | 1 |
| Subordinated bank debt | 3.0% | 3.0% | 3.0% | 3.0% | -1 | -1 | -1 | -1 |

*Source: Moody's*

While we have upgraded the deposit ratings of 22 entities, we have downgraded the senior unsecured debt/issuer ratings of seven institutions. By introducing statutory senior bond subordination from next year, the subordination to deposits will increase by the amount of subordinated senior unsecured debt, thereby reducing the expected loss severity for depositors, which is a credit positive. For subordinated senior unsecured debt, depositor preference will reduce the volume of instruments ranking pari-passu, thereby increasing the expected loss severity for subordinated senior debt, which is a credit negative. Exhibits 4 and 5 below set out our estimates of how we expect the protection for junior deposits and subordinated senior unsecured debt, respectively, to be under the revised legislation.

Exhibit 4

**Germany, volume and subordination for junior deposits - senior subordination**

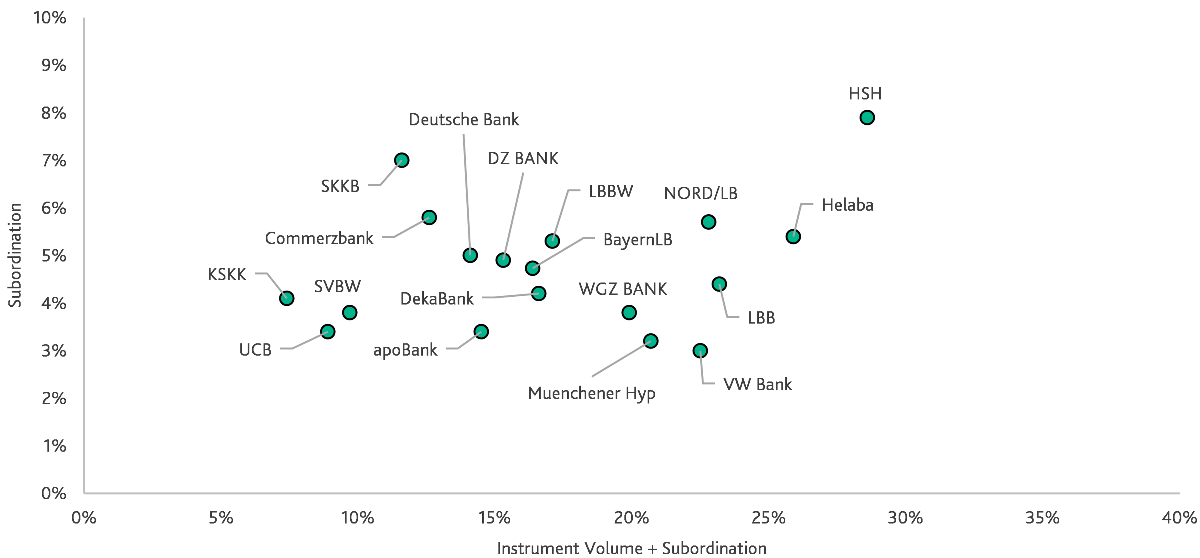



Note: Commerzbank also applies to HF; Deutsche Bank also applies to Postbank, DZ BANK also applies to DVB; LBB also applies to Berlin Hyp; NORD/LB also applies to BremerLB and Deutsche Hypo

*Source: Moody's*

Exhibit 5

**Germany, volume and subordination for senior unsecured - senior subordination**




Note: Commerzbank also applies to HF; Deutsche Bank also applies to Postbank, DZ BANK also applies to DVB; LBB also applies to Berlin Hyp; NORD/LB also applies to BremerLB and Deutsche Hypo; VW Bank also applies to VW FS

*Source: Moody's*

## Implications for Short-Term Debt and Deposit Ratings

Following the explicit exemption of short-term debt instruments from the subordinated senior tranche in the revised German legislation, we assume that short-term certificates of deposit, commercial paper and other short-term instruments rank pari-passu with rated corporate and institutional deposits and therefore reference the rating levels of those instruments to deposit ratings. Coupled with the upgrades of 22 bank deposit ratings in Germany, this has resulted in the upgrade of short-term bank deposit ratings of nine German banks and the upgrade of short-term debt ratings of nine German banks.

## New Italian Law Establishes Full Depositor Preference from 2019

Our rating action on January 25, 2016 follows the Italian Government's final approval of two Decrees (Legislative Decrees No. 180 and No. 181 of November 16, 2015), which transpose the European BRRD into national law. The Italian law goes beyond the directive by establishing full depositor preference - in insolvency and by extension in resolution - over senior unsecured debt instruments from January 1, 2019, rather than "junior" corporate and institutional deposits ranking pari-passu with senior unsecured claims. Between January 1, 2016 and December 31, 2018, the BRRD will be applied in Italy in accordance with the standard framework, unless the resolution authorities decide otherwise.

Exhibit 6

**Italy - Deposits and Senior Unsecured Debt Ratings Changes**

**Changes in ratings by one notch unless specified**

| ACTIONS | Deposit Ratings | Senior Unsecured Debt/Issuer Ratings |
|---|---|---|
| UPGRADES | Banca Carige<br>Banca del Mezzogiorno<br>BNL<br>MPS<br>MPCS<br>BPM<br>Sella Holding<br>BPSC<br>CC Raiffeisen<br>CariBolzano<br>Credem*<br>Creval<br>FCA Bank<br>ICCREA*<br>Intesa<br>IMI<br>MTAA<br>UBI<br>GE Capital ** | |
| NOT AFFECTED/ AFFIRMATIONS | Unipol Banca<br>UniCredit<br>Cariparma<br>Cassa Centrale Banca | Banca Carige***<br>MPS<br>BPM***<br>BPSC<br>CariBolzano<br>Creval<br>FCA Bank<br>Intesa<br>MTAA<br>IMI<br>UBI<br>UniCredit<br>Cariparma<br>Cassa Centrale Banca<br>GE Capital ** |
| DOWNGRADES | | BNL<br>Sella Holding<br>CC Raiffeisen<br>Unipol<br>Credem |

Note: * 2 notches upgrade for the deposit ratings of Credem and ICCREA; ** This review has been extended; *** This rating has been affirmed

*Source: Moody's*

## How The Italian Legislation Transposes the BRRD

While, for the most part, the Italian legislation provides a straightforward transposition of the BRRD framework, it also introduces the following liability ranking from 2019:

1. Protected deposits, i.e. deposits by individuals and SMEs below €100,000 and hence covered by deposit insurance, are the most protected class of deposits and are preferred to all others;
2. Eligible but uncovered deposits, i.e. deposits by individuals customers and SMEs beyond the €100,000 deposit insurance coverage, are the second most protected class of deposits and are junior to (1) but are senior to (3) below; and
3. All other deposits, i.e. those made by entities other than individuals or SMEs, such as larger corporate or institutional customers, are junior to (2) but senior to all other unsecured debt.

The changes will therefore result in full depositor preference. This will increase the subordination of unsecured debt instruments to junior deposits, thereby reducing expected LGF, hence the upgrades of the deposit ratings of the 18 entities in Italy.

By contrast, the volume of loss-absorbing senior liabilities will be reduced and the loss rates for senior creditors in the event of failure will increase, hence the downgrades of the senior/issuer ratings of five entities.

## Aims of The Legislation

The Italian government's rationale for amending the ranking of liabilities in favour of deposits appears to make bail-in more effective and credible, by providing a clearer separation and more protection to the operational activity of deposit taking. This reduces contagion risk.

Without postponing the amendment coming into force in 2019, some retail investors of small denomination senior unsecured bonds would have been at greater risk than large wholesale depositors – a result that would have been at odds with the broader aim of protecting less sophisticated creditors. Most existing retail bonds will have matured by the time the law comes into force. This trend does not change our action because we currently believe that maturing retail senior bonds will be partly replaced with institutional senior debt. If this is not the case, there could be downward pressure on some ratings.

## Implications for Debt and Deposit Ratings

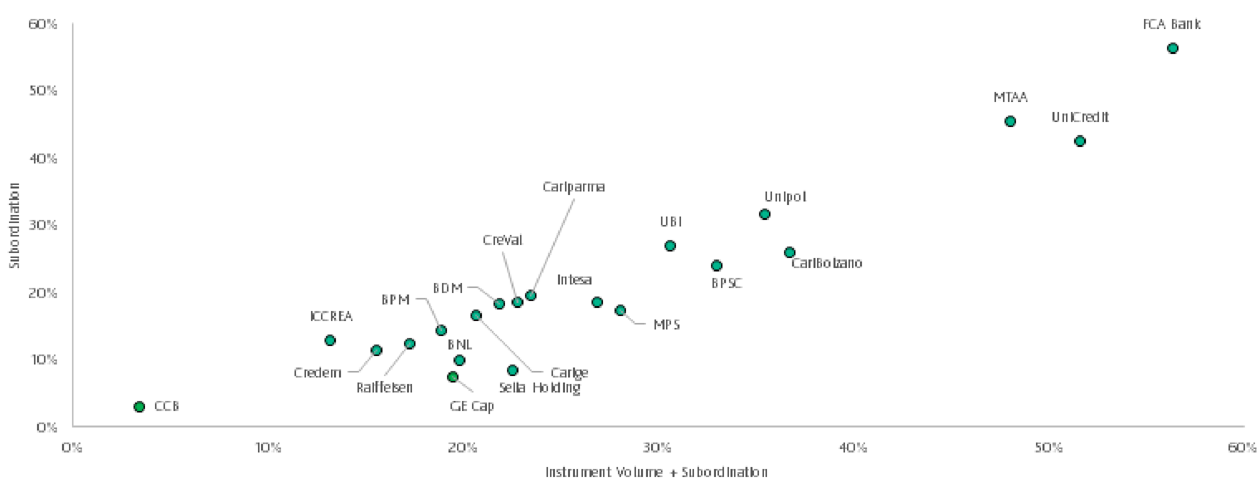
We are reflecting the effect of the new legislation in advance of the adoption of the new hierarchy in 2019. Given that a substantial portion of newly issued debt will mature under the revised hierarchy, we are incorporating the new rankings in our Advanced LGF analysis and our ratings in advance of the implementation of its 2019 activation.

While we have upgraded the deposit ratings of 18 entities, we have downgraded the senior unsecured debt and/or issuer ratings of five entities. By introducing full depositor preference from 2019 onward, the subordination to deposits will increase by the amount of senior unsecured debt, thereby reducing the expected loss for depositors, a credit positive. For senior unsecured debt, full depositor preference will reduce the volume of instruments ranking pari-passu, thereby increasing the expected loss for senior debt, a credit negative. On average, this reduces the pari-passu ranking volume for senior unsecured instruments by six percentage points while it increases the subordination to deposits by 16 percentage points. Exhibits 7 and 8 below set out our estimates of how we expect the protection for junior deposits and senior unsecured debt, respectively, to change under the revised legislation.

We also assume that certificate of deposits rank pari-passu with other rated corporate and institutional deposits, unless junior deposits are explicitly preferred to senior unsecured debt, for example in Italy from 2019 onwards, in which case we assume that certificates of deposits rank pari-passu with commercial paper and equivalent debt instruments. This has not resulted, however, in the downgrade of any CD programmes.

Exhibit 7

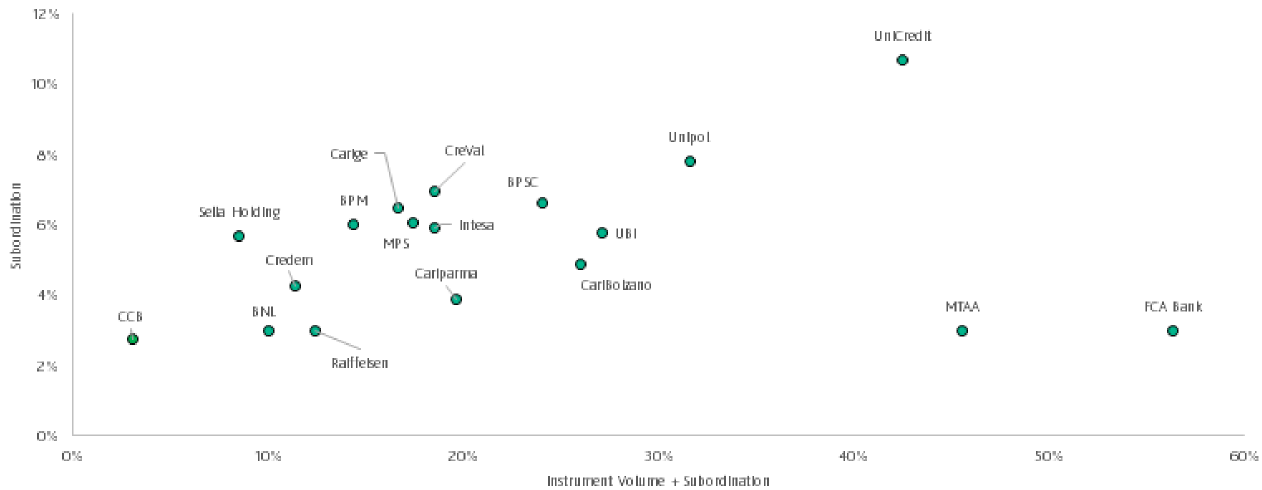
**Italy, volume and subordination for junior deposits - deposit preference**




*Source: Moody's*

Exhibit 8

**Italy, volume and subordination for senior unsecured - deposit preference**




*Source: Moody's*

## Evolving Nature of BRRD Does Not Fundamentally Change Probability of Support

We continue to believe that there is a moderate probability of government support for both the senior unsecured debt and junior deposits at nationally systemic banks within the EU. While this does not mean that we believe the probability of support is necessarily identical for each instrument, it reflects our view that the probabilities are not sufficiently different to justify a difference in notching.

This is supported by our view that both the BRRD, as well as its Italian or German versions, provides the tools for a resolution without government support while not preventing them entirely from committing public monies. The rule on private losses equivalent to 8% of eligible liabilities before bail-out is applicable under BRRD or a German-like BRRD framework. Moreover, the principal motivation for extending support – systemic contagion – is likely to hold for systemically important banks, whether or not their deposits are preferred.

No Italian bank ratings currently benefit from government support, given that the senior debt and deposit ratings of the two banks we would consider to have a moderate probability of support, Unicredit (Baa1 stable/Baa1 stable, ba1) and Intesa (A3 stable/Baa1 stable, baa3), are already positioned at or above the government's own rating of Baa2/stable. In principle, however, the adoption of an amended liability ranking does not change our view on the probability of government support and hence would not likely result in a change in government support uplift in other countries in which bank ratings currently incorporate support, for example in Germany.

## Expected Changes in The Investor Base for Senior Unsecured Bonds More Pronounced in Italy Than in Germany

At present, the role of retail investors as holders of debt securities (including private placements and covered bonds, the latter being exempt from bail-in) is more relevant in Germany and, in particular, in Italy than in other EU countries, as shown in Exhibit 9.

Exhibit 9

**Share of banks debt securities held by households**

| Country | France | Germany | Italy | Netherlands | Portugal | Spain |
|---|---|---|---|---|---|---|
| Date | Q3 - 2015 | Q3 - 2015 | Q3 - 2015 | Q3 - 2015 | Q3 - 2015 | Q3 - 2015 |
| Share of domestic-investor held bank debt securities held by domestic households | 3% | 11% | 38% | 1% | 3% | 1% |

*Source: National Central Banks, Moody's*

In Italy, we expect that retail bonds will be much less attractive to retail customers given the additional risks they will entail on top of the loss of a historic tax advantage. Italian retail investors have already significantly reduced their holdings of senior unsecured bank bonds and switched to deposits. By 2019, the layer of senior unsecured bonds protecting junior deposits, which is currently significant at around 16% of assets, on average, will be thinner owing to the reduction of the retail component, unless retail bonds are replaced by wholesale senior debt. As mentioned above, at present we expect the anticipated reduction in retail senior unsecured and retail subordinated debt to be partly replaced with equivalent securities. But if this is not the case, this may result in downward pressure on some ratings.

In Germany, no such tax advantage exists and the role of retail investors as holders of debt securities is less prominent, though above that of other EU countries.

At present, we expect the anticipated reduction in retail senior unsecured and retail subordinated debt to be replaced with equivalent securities. But, if this is not the case, this may result in downward pressure on some ratings in Italy.

## Appendix

Exhibit 10
List of banks' abbreviations

**Germany**

| Bank | Abbreviation |
|---|---|
| Bausparkasse Mainz AG | BKM |
| Bayerische Landesbank | BayernLB |
| Berlin Hyp AG | Berlin Hyp |
| Bremer Landesbank Kreditanstalt Oldenburg GZ | BremerLB |
| Commerzbank AG | Commerzbank |
| Debeka Bausparkasse AG | Debeka |
| DekaBank Deutsche Girozentrale | Dekabank |
| Deutsche Apotheker- und Aerztebank eG | apoBank |
| Deutsche Bank AG | Deutsche Bank |
| Deutsche Hypothekenbank AG | Deutsche Hypo |
| Deutsche Postbank AG | Postbank |
| DVB Bank S.E. | DVB |
| DZ BANK AG | DZ BANK |
| HSH Nordbank AG | HSH |
| Hypothekenbank Frankfurt | HF |
| ING DiBa AG | ING DiBa |
| KfW IPEX-Bank GmbH | IPEX-Bank |
| Kreissparkasse Koeln | KSKK |
| Landesbank Baden-Wuerttemberg | LBBW |
| Landesbank Berlin AG | LBB |
| Landesbank Hessen-Thueringen GZ | Helaba |
| Landesbank Saar | SaarLB |
| Muenchener Hypothekenbank eG | Muenchener Hyp |
| Norddeutsche Landesbank GZ | NORD/LB |
| SEB AG | SEB |
| Sparkasse KoelnBonn | SKKB |
| Sparkassen-Finanzgruppe | S-Finanzgruppe |
| Sparkassenverband Baden-Wuerttemberg | SVBW |
| UniCredit Bank AG | UCB |
| Volkswagen Bank GmbH | VW Bank |
| Volkswagen Financial Services AG | VW FS |
| WGZ BANK AG | WGZ BANK |

**Italy**

| Bank | Abbreviation |
|---|---|
| Banca Carige S.P.A. | Banca Carige |
| Banca del Mezzogiorno - Mediocredito Centrale | Banca del Mezzogiorno |
| Banca Monte dei Paschi di Siena S.p.A. | MPS |
| MPS Capital Services | MPCS |
| Banca Nazionale del Lavoro S.p.A. | BNL |
| Banca Popolare di Milano S.C.A R.L | BPM |
| Banca Sella Holding | Sella Holding |
| Banco Popolare Societa Cooperativa | BPSC |
| Cassa Centrale Banca | Cassa Centrale Banca |
| Cassa Centrale Raiffeisen dell'Alto Adige | CC Raiffeisen |
| Cassa di Risparmio di Bolzano-Sudtiroler Sparkasse | CariBolzano |
| Cassa Di Risparmio Di Parma E Piacenza S.P.A. | Cariparma |
| Credito Emiliano S.p.A | Credem |
| Credito Valtellinese | CreVal |
| FCA Bank S.p.A. | FCA Bank |
| GE Capital Interbanca S.p.A | GE Capital |
| Iccrea BancaImpresa S.p.A. | ICCREA |
| Intesa San Paolo S.p.A | Intesa |
| Banca IMI S.p.A | IMI |
| Mediocredito Trentino-Alto Adige S.p.A. | MTAA |
| UniCredit S.p.A. | UniCredit |
| Unipol Banca | Unipol Banca |
| Unione di Banche Italiane S.p.A. | UBI |

*Source: Moody's*

## Moody's Related Research

### Rating Methodology:

- Banks, January 2016 (186998)

### Special Comments:

- Italy's Introduction of Depositor Preference Is Positive for Depositors and Negative for Bondholders, November 2015 (186024)
- Delay and Fragmentation in BRRD Implementation is Credit Negative, November 2015 (1008787)
- Expected Adoption of Full Depositor Preference Drives Italian Bank Reviews, October 2015 (1009190)
- Germany Delays Statutory Subordination, Benefitting Bank Senior Bond Holders, September 2015 (184597)
- German Banks: Statutory subordination of senior unsecured debt remains pending, September 2015 (1008145)
- Italian Banks' Funding Shifts to Deposits, Exposing Bondholders to Risk of Higher Losses, September 2015 (184447)
- Key Analytic Considerations in Our Rating Actions on German Banks, June 2015 (1005805)
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- Germany considers changes to insolvency hierarchy of bank creditors, April 2015 (1004088)
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### Teleconferences:

- Moody's Teleconference & Live Webcast: Quarterly Update on European Banks, November 2015 (186146)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

## Endnotes

1 The bank ratings shown in this report are the bank's deposit rating and outlook, senior unsecured debt rating and outlook, and baseline credit assessment.

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